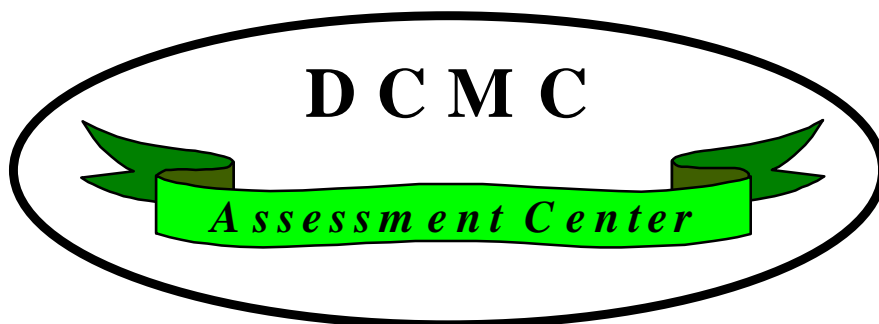


**Defense Logistics Agency**

# **PERFORMANCE IMPROVEMENT CRITERIA REVIEW**

**A review of the Criteria as applied to a  
contract administration environment**

Prepared by



September 24, 1996



## **PROLOGUE**

This guidebook is prepared by the DCMC Assessment Center. It addresses a growing audience of DCMC associates who want a better understanding of the DLA Performance Improvement Criteria as it would be expected to apply to a Government service organization, specifically one which deals with contract administration.

This criteria review is useful for anyone performing an evaluation or assessment of an organization. This assessment may be for the creation of a Unit Self-Assessment (USA) report or for evaluating an existing USA.

Many of the examples and detail descriptions used are from real life situations observed at many Contract Administration Offices (CAOs). It is the vision of the Assessment Center to assist CAOs to redesign parts of their business in a way that would achieve a new level of maturity. Doing so would render this guide obsolete. If this vision is realized, the Center will be prepared to offer more sophisticated products to satisfy the latest needs and expectations of its customers.

Although the DLA Performance Improvement Criteria may change from year to year to parallel the President's Quality Award Criteria for federal agencies, the basic messages have not changed over the years. The Criteria is intended to cover quality management practices designed in a way to produce world-class results. The Criteria is not as prescriptive as similar quality management documents such as the ISO series standards. This lack of specificity has drawn criticism from many who would prefer more standardized approaches to designing a management system. The Criteria does, however, have unique features which make them the guiding standard of choice for DLA and the entire federal sector. Hopefully, the reader will recognize these unique features throughout this guide. This same conclusion was made by Dr. Joseph Juran, a leading quality expert and mentor, in his last public address in 1994.

If readers wish to provide input to the next revision of this guide or to express any comments (good or bad), they are encouraged to send their responses directly to the Center.

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## Criteria Framework

### Key Features

We will be examining the management system from seven different vantage points. You will notice how the Criteria reinforces its central themes: **customer focus** and **continuous improvement** by the line of questioning it poses that repeatedly refers to these themes in each of the Categories.

Central  
Theme

### Integration

We will also be examining the extent of integration throughout the management system. This is why we must not examine each category as an entity but rather as a contributor to the whole management system.

One way integration can be detected is by how well each Category description in the self-assessment compliments each other. An example of this is in how customer requirements are gathered and processed so that you can see how the requirements are being addressed by the different teams in the CAO. Another example may be how well the metrics selected for analysis support the key business drivers (those things that a CAO must perform well) and how well the selected metrics match the processes identified to be critical. *(Note: Does the description of a key business driver and a critical process sound the same? Actually, they are not; however, there is a very close connection which we will explain shortly)*

Integration can also be detected by the levels of confusion people display on how the management system works. A similar term for integration is alignment. Is the entire organization working toward a common vision and goal? Do employees understand how their work contributes to the strategic planning goals? Will these goals make a difference to their customers?

### Criteria Elements

The Criteria describe four elements of the system. The elements are driven by **leadership** in order to influence **business results** and **customer satisfaction**.

* <b>Information and Analysis</b>
* <b>Strategic Planning</b>
* <b>Human Resource Development and Management</b>
* <b>Process Management</b>

The basic elements of the management system must be responsive, not individually but collectively, to the business results and the customers. This suggestion

of integration strongly reinforces the idea that no one can operate in a vacuum without adversely affecting some other part of the business.

## Characteristics of a Role Model

### Assessment Yardsticks

Let us share with you some of the healthy attributes you should be looking for. The Criteria scoring guidelines offer different levels or bandwidths of attributes that describe degrees of goodness. Look for a sound, systematic approach throughout the organization. Think about how you as a manager would make a task or activity *systematic*. If the tasks are repeatable and understood by personnel, you could say that your process is systematic. That being the case, you may achieve that by creating a formal procedure or a commonly used computer program that employees can refer to as “systematic.” Determine the degree the approach was deployed If you use the scoring guidelines in the DLA Performance Improvement Criteria booklet or if you are completing a Unit Self-Assessment, you may be weighing how to score or judge a brilliant approach that was poorly deployed or a mediocre approach that was thoroughly deployed. You should recognize from the approach and deployment questions that you cannot make these determinations by simply interviewing a manager.

Look at the results of their efforts and whether trends are sustained. Note that Category Items are evaluated for either approach/deployment or results, but not both.

The following figure lists some other attributes you should be looking for.

#### Characteristics of a Role Model

- Customer Focused
- Leadership Involved
- Investments in People
- Systematic Processes
- Continuous Improvement
- Sustainable

Most of these attributes will be apparent. But there are other attributes that may not be as easy to spot. Sustainability may be one. Look at how well the management system will run when the military leadership position changes every three years. Do managers believe that what they do in the way of quality improvement is important and should continue after the change of command?

There is another condition you should be mindful of that is difficult to turn into objective evidence. Look at ~~how~~ **stressed** the organization is. How well is it coping with all the changes, reorganization and downsizing? These are heavy weighted factors that may affect their business results and their customers.

## Key Business Factors

### Where To Begin

Where should you begin piecing together this management system puzzle? An examiner is initially interested in understanding the business environment in which the organization operates. What are the key business factors and how do we begin to make sense of what is most important for the organization to succeed? One way that works well is to create a key business factors matrix that helps to show relationships of the factors. These factors describe the business the organization is in and the environment in which it operates. Factors include its customers and key suppliers, the products and services the organization provides to customers, the requirements imposed by the customers on those products and services, and the key measures of success (in the form of qualitative or quantitative metrics).

This may appear “second nature” to you. But it is surprising how much variation there is in these answers until an organization attempts to prepare one consolidated list upon which all can agree. It is equally surprising how many people realize the holes in the factors that they never gave thought to and never realized how many ways it actually has hurt the business. *“Why develop a measure for this critical process? We all know the customer wants timely status reports. But to be safe, perhaps we should make sure the customer defines timeliness the way we do. It is easy enough to track our performance.”*

Continue to refer to the key business factors for consistent application throughout the USA.

### Everyone's A Customer

A customer is the recipient of a product or service. Who is the customer in a supervisor/subordinate relationship? Both, perhaps. But be careful not to be caught in this philosophical trap when it comes to a contractor and a CAO. If a contractor provides requirements, equipment and training to its subtier vendor, does it change their contractual customer/supplier relationship? The CAO is the agent of the buying office and the soldiers who use the contractor's products. They remain the customer and the CAO is the agent of that customer. The contractor remains the supplier.

What about the District or Headquarters as a customer? Draw the analogy between DLA and an industry corporation. Each division of the corporation must keep its stakeholders happy. The stakeholders operate to assure the health and future of the divisions who, in turn, sell their products and services to the consumer. If the stockholders sell, the entire corporation suffers. If divisions thrive as a business, stock prices rise. We in DCMC must assure high quality products and services to the buying offices and the soldier. We must also pay attention to the agency who must answer to DoD, to Congress, and to the American public. What would happen if the industry division had to do something that would satisfy the

corporation but displease the customer? What would happen if a CAO worked only those issues important to Headquarters at the expense of the buying command or vice versa? One last word on Headquarters' initiatives - if the soldier or buying offices (customers) are displeased and communicate this to agency senior leaders who, in turn, create an improvement initiative or One Book policy, is the CAO satisfying the stakeholder or the customer? In many instances the CAO may not have the insight to know when this is occurring. The bottom line is that a CAO must take care of its customers and its stakeholders to remain healthy and viable.

Throughout the remainder of this paper, we will define customer as the buying offices, users and the DoD, and DLA stakeholders combined.

<i>Definition:</i> <i>"Customer"</i>
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## Key Business Drivers

An understanding of the key business drivers as an element of the factors is helpful

**Drivers are those quality attributes of our products and services which, if done poorly, would be very detrimental to the business**

<i>Definition: "Driver"</i>
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Any quality requirement expressed by our customer addresses our drivers. Typically these drivers are such things as quick turnaround, on-time delivery of DCMC products and services, high quality work or lower costs. Other drivers may be transparent to the customer but just as important to the business, such as how we downsize or reorganize. One driver may be to provide early warning of delinquencies. If this is a driver of our business, then expect the CAO to select production surveillance as the key process that will address that driver. You should further expect that the revised delivery forecast timeliness metric be one that the CAO is tracking. Do you now see the relationship between a key or critical process and a key driver and the corresponding metric? Process: production surveillance Driver: timely notification of delinquencies Metric example: Number of days advance notice given.

Note that Category 3 asks for key business drivers; Category 5 asks for key processes; Category 2 asks how metrics are selected; and Category 6 asks for the results of those metrics. Look for consistency in these four complementary Categories (from driver to process to metric to results).

Identification of drivers is critical to the USA. Without them, the examiner must search for what might be interpreted to be a driver. Without them, the CAO will not have a good sense of its priorities. Don't be surprised (or overly critical) if an organization demonstrates its drivers but does not articulate them. A clue might come from the Commander's staff meeting. Look at the metrics discussed during operational performance reviews. By having chosen a select group of metrics, they may have revealed what is most important to the business.

Experience has shown that if a Unit Self-Assessment is lengthy and confusing to read, it is because the CAO does not have a clear articulation or understanding of its key business factors or that the teams do not do a great job of communicating with each other. In that case, their management system may not be well integrated.

Are there typical drivers for a Contract Administration Office? DCMC Long Island has made great strides in determining its drivers. Refer to the following chart to understand their strategy. Notice how they relate their key business drivers to their key processes to their selected metrics. How universal would you say these drivers are for the agency?

Key Processes	Associated Driver					
	Accuracy of Information	Timeliness of Information	Supplier Mgmt & Performance	Cost Effective	Employee Satisfaction	New Business Development
Preaward Survey	Charts: 7.4-2 7.4-3	Charts 6.1-2, 3,4 7.4-2,3		Charts 6.2-9, 10,11,12		
Proposal Anal & Neg	Charts 7.4-2,3	Charts 6.1-5, 6 7.4-2,3	Charts 6.3-1, 2,3	Charts 6.2-9, 10,11,12		
Product/Mfg Assurance	Charts 6.2-7, 7.4-2,3	Charts 6.1-7, 8 7.4-2,3	Charts 6.3-7, 8,9	Charts 6.2-9, 10,11,12		
Delivery Surveillance	Charts 6.1-9, 10	Charts 6.1- 9,10	Charts 6.3-5, 6,7	Charts 6.2-9, 10,11,12		
Program Integration	Charts 6.1- 11,12,13	Charts 6.2-2, 3,4,5		Charts 6.2-9, 10,11,12		
Contract Closeout	Chart 6.2-6	Charts 6.2-2, 3,4,5		Charts 6.2-9, 10,11,12		
Support Services			Charts 6.2- 24,25	Charts 6.2- 13,14,15	Charts 6.2- 16 thru 27	
Marketing						Chart 6.2-8

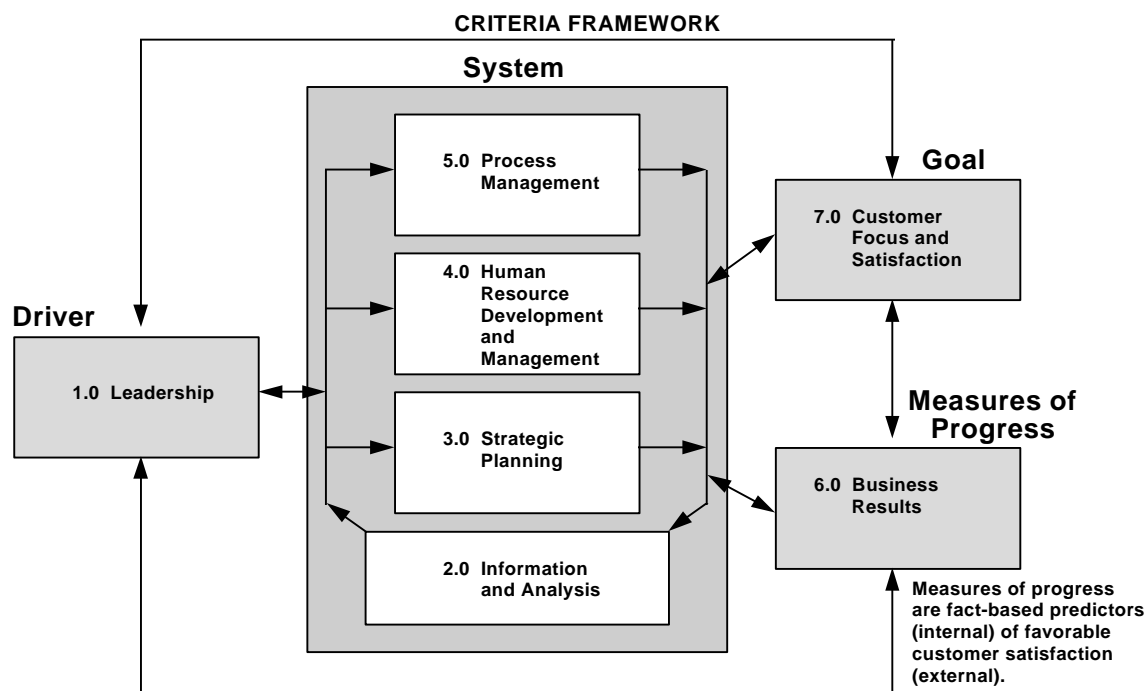
## Criteria Category Review

The following discussion will provide additional notes that you may find useful in applying the DLA Performance Improvement Criteria. It is not intended to ~~teach~~ teach you the criteria. Many of you have already learned that attending a formal Baldrige training session is not enough. The real learning takes place when you actually apply the Criteria along with your fellow examiners. The Assessment Center has learned that each assessment performed is usually different from the last because of the different key business factors unique to each site. Therefore, all USAs should not read the same. You can't copy another CAO's USA and declare success.

The following section provides a condensed version of all categories of the Criteria. This version may be useful for the examiner who is first introduced to the Criteria. It may also be useful in evaluating a USA report that did not follow the Criteria very well or where a USA has not been prepared.

One final note: It is not advisable to evaluate a management system in the order of category sequence in the Criteria. There are a few sequences that may work much better. You may want to start with the customer and business results (i.e., the proof of the pudding) and work back into the other elements of the system that produced those results. You can follow the quality trail a few different ways. Ultimately, you should be led to evidence of tending to customer needs and expectations down every category path.

**Figure 1**



An event occurrence in one part of the system affects many other parts. Make sure the effect on Business and Customer results are positive.

## Category 1 Leadership

### MIND PROBE

*Describe the characteristics of a senior leader who, in your book, would score 70% or better for leadership.*

### 1.1 Senior Executive Leadership

This refers to the Commander, Deputy, Operations Support Chief, TAG Chief, Management Support Chief and residency Commanders. Depending on the organizational structure it may also include other direct reports to the Commander. They are the decision makers. Although these people may rely on key subordinates as decision makers, these duties are delegated. Responsibility remains with senior leadership. If empowerment, delegation of duties, self-directed work teams, Total Quality Management (TQM), teaming or other means of spreading decision making is used, examiners must weigh whether responsibility and accountability remain with senior leaders and that these leaders have not disengaged or washed their hands of these duties.

#### Personal Involvement

Look for how personally involved these leaders are in “quality related” activities. Make sure you understand what types of activities would qualify for the Criteria’s intent. We are looking for *improvement* or *preventative* type activities like planning sessions, USA formation, gap analysis and improvement projects. One key distinction of Category Item 1.1 is personal involvement. The Criteria was originally written to focus on involvement with *quality related* activities. The focus is still there but is expressed with different words - “...*their role in creating and reinforcing values and expectations.*” Why do you suppose they took the word “quality” out of its vernacular?

Category Item 1.1 asks for personal involvement *setting direction and goals*. Many organizations will want to explain their strategic planning committee process that forms the direction and goals, thus duplicating what should be addressed in Category Item 3.1. That is fine, but the question remains - to what extent are senior leaders involved with this process?

Although a leader may have good communication and people skills as demonstrated by town hall meetings, open door policy, eMail broadcast messages, etc., these activities do not satisfy the Criteria as being “quality related”; that ~~unless~~ the content of these communications have a bearing on reinforcing values, expectations or some other contribution. Be mindful of activities that contribute to several other Category Items (strategic plan formation and tracking, awards presentations, metrics selection, and customer focus to name a few).

Category Item 1.1 asks for personal involvement *reviewing performance*. Do senior leaders comprise a decision-making body such as a board of directors or executive

steering committee? What kinds of things are discussed in their staff meetings? When and how is operational performance reviewed by the senior leaders? Understand that many people and teams look at operational performance, but again, to what extent **senior leaders involved** with this process?

Without this personal involvement, the organization is a ship without a rudder. Power struggles emerge among teams and the organization serves not one but many purposes. The organization is then run by the dominant personalities rather than a systematic, common approach. This touches on the sustainability attribute discussed earlier. When a key person leaves, things stop happening.

#### **MIND PROBE**

*Scenario: Think of the senior leader who travels to a customer's office to exchange information, then shares this information upon returning to the CAO. What other information would you need to know before you write your finding?*

*Consider the following:*

*What information was exchanged?*

*Was it documented?*

*Is this done periodically or sporadically or only in crisis mode?*

*With whom was it shared?*

*For the above scenario, under what circumstances, if any, would you give credit to the organization for these areas:*

- |                                     |   |
|-------------------------------------|---|
| - 1.1 Leadership                    | - 5.1 Design of Products and Services     |
| - 1.2 Leadership System             | - 7.1 Customer and Market Knowledge       |
| - 2.3 Analysis and Use of Data      | - 7.2 Customer Relationship Management    |
| - 4.2 High Performance Work Systems | - 7.3 Customer Satisfaction Determination |
|                                     | - 7.4 Customer Satisfaction Results       |

## **1.2 Leadership System**

Where Category Item 1.1 addresses people, this Category Item addresses the system of leadership. In Category Item 1.1 senior leaders set direction. In Category Item 1.2 all leaders carry it out.

### **Values, Expectations and Direction**

This is where we follow the quality trail throughout the CAO. We look for evidence that all managers and supervisors (group and team chiefs) instill these values, expectations and direction in their operations. Category Item 1.2 asks for how values and expectations are communicated and reinforced. Look for clues as to whether these managers have practices that may work against the values, expectations and direction. Dictatorial, inflexible controls, breakdown of communications, quality requirements that are unknown or not surveilled, people who are out of touch with customer concerns, a lack of interest in One Book requirements, teams that the manager poorly equips to do a quality job. The

causal factors to many One Book noncompliances may be traced to breakdowns in the leadership system, so do not take this Category Item lightly.

Associates look to leadership to set the values that all are expected to follow. Why is it important? Consider this scenario: It is late in the work day. Most associates have gone home. The phone rings. A lone associate receives the call from a frantic customer who desperately needs an action to take place immediately. In the absence of a manager or a procedure, what does this associate rely on to respond to this customer? Hopefully, the associate could fall back on the values provided by senior leaders that told associates they should act on behalf of leadership to accommodate that customer without subjecting them to a frustrating and bureaucratic waiting process. That associate must know at that moment what is expected by leadership in order to take action without fear of reprisal.

### **Performance Review**

In the 1996 Criteria Category Item 1.1 a. states: *“Describe how senior executives (3) review overall organizational performance, capabilities and organization.”* Category Item 1.2 b., Areas to Address, asks: *“how overall organization and work unit performance are reviewed.”* Category Item 5.2 a. (2) states, *“Describe the measurement plan and how measurements and/or observations are used to maintain process performance.”* Sounds redundant? What do you suppose the difference is?

In Category Item 1.1 we look for personal involvement of senior leaders (all of them) in reviewing overall organizational performance. In Category Item 1.2 we look at the leadership system to describe the details of operational performance review - what is reviewed, how information is gathered, presented and how often. What is reviewed should reinforce that which is displayed in the results Category Items of 6 and 7 and what is described as key drivers and associated metrics. Category Item 5.2 is more of a middle management question - addressing team chiefs and first line supervisors. This area describes the internal management controls that involve more than just the few measures deemed “key” to the entire organization and may go into considerably more detail.

Category Item 1.2 should describe their efforts to create and use the results of their Unit Self-Assessment as a means of reviewing operational performance. In mentioning the USA process within the write up of their USA itself, they now have a placeholder to critique any areas for improvement in how they construct a USA report.

Look for a broad scope of data groups to be included in leadership’s operational performance reviews. These data groups should be described in category 2.

### **1.3 Corporate Citizenship**

The last category item under the leadership section is corporate citizenship, 1.3. The very nature of being public servants has built-in features to this area that we in the government may take for granted. In the areas of risks and legal requirements to safeguarding public assets, there are automatic events which address responsibilities. Consider internal

management controls and contractor risk assessments. In the area of legal and ethical conduct consider the standards of conduct, financial integrity disclosure statements, annual fraud, waste and abuse training, and mandatory rotations.

Consider the extent of CAO involvement with protection of the environment, particularly with regard to surveillance of contractor activities.

In the area of community involvement consider the many events that are sponsored by representatives of the organization where the community is the benefactor. Be mindful of community involvement that may be the effort of individuals but, in doing so, do not represent the organization. Ask how the organization supports such involvement. The support should be more than just encouragement.

### **Category Overview**

We will be seeing many good things the organization does in the other Categories. Throughout the USA we are looking for **integration** of activities where they are all **interdependent**. We are evaluating the extent of “alignment” which is another way of stating whether the organization has a common purpose and direction that all members support. The processes, procedures and systems may all be established but it requires leadership to make it happen. It all begins with leadership involvement and ends in customer satisfaction.

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## Category 2 Information and Analysis

### *MIND PROBE*

*The Technical Assessment Group is in charge of collecting, analyzing and reporting 163 metrics for the CAO. If you were the TAG Chief, how would you “build quality into” your products and services? List or describe as many features as you can think of.*

Category 2 is quite straightforward in what it asks. How do you select, manage, compare, analyze and use key data? As straightforward as it is to understand, it is not well addressed by the field. If the CAO does not believe in metrics-based management, substituting a long description of all the data that is being collected in databases, logs and whatever else they can think of will not satisfy the Criteria questions. None of this answers the mail. You must differentiate between all that data and what is actually considered to be **key** to the business. That key list should be the corresponding metric assigned to each key business driver identified in Category 3 and should include that which is covered in the operational performance reviews of leadership. Look at the basic questions being asked: How are metrics selected, managed, analyzed and used? Are they comparing themselves to others? And how are they finding out how the outside world operates? Remember, this is not the place to describe the competitive comparisons they have made or benchmarking studies they performed, but rather, to learn of their processes for doing each.

### **Types of Data**

Not all data are the same. We are looking for **major groupings** of data such as customer, supplier, human resource, mission performance, and nonmission support performance.

Long, involved descriptions of all the different data collected are not what is called for here. Much of the data serves a purpose. But we wish to focus on that data that addresses **what is most important** to running the business (that is, the key business drivers). This should boil the list down to those which are considered essential or key.

### **2.1 Selection and Management**

#### **Selection**

A basic question to answer is “How are these key data **selected?**” Look for a sound systematic approach. In that regard, who are the players involved? Is it a group effort? Are leadership and key role players involved? Do they have a means to evaluate and improve this selection process? Look for relevance to key drivers. If carefully thought out, this data should also be important, either directly or indirectly, to the organization’s customers.

#### **Management**

The next basic question is “How is data **managed**?” There are many steps to the process of data management. What matters is how well this service is performed for the end users of the data. Put on your customer hat and think of **why** your requirements might be. You would not be alone if you answered this in terms of qualities and attributes of the service: *“I want accurate information in a timely manner. The information should be only what **I need** and should not be buried in a mountain of other data. I would also like the information in a user friendly format.”* Now, after thinking about this from a customer’s viewpoint, you should better understand what you are looking for as an examiner.

Consider the commonly used run chart. Suppose you, as a manager, receive such a chart each month from your data analysts describing the cycle time of processing an ECP to the customer. The run chart tells you that it took three days longer to process this month than last month but still quicker than it took last January. Ask yourself, “So what?” “What should I do as the manager and when should I do it?” In the absence of any other aids on that chart, you do not know if the current cycle time is truly good or bad or somewhere in between. What if you knew what the CAO’s capabilities were as far as turnaround time? Would that help? Going further, what if you knew how long a customer could wait before they view the cycle time to be unacceptable? Knowing your capability and the customers expectations, you could then set a customer service standard. At that point, you should know exactly when to engage and when to just observe the process results. This is a good example of how you can define what is required and have the data collectors and analysts build these features into the charts and reports.

The Criteria asks the organization to comment on rapid access and rapid update of data. Organizations will want to talk about their ADP capabilities. Look at these capabilities carefully. Is the equipment adequate for the entire organization? Usually, they will have to explain rapid access and rapid update to information not processed via ADP.

What good is metrics management if the data is inaccurate? Data inaccuracies always exist. It is important that an organization have a systematic, methodical way of testing data integrity. The establishment of a Performance Improvement Officer at every CAO was an approach to identify a common focal point who would own or facilitate the process that addresses data integrity.

## **2.2 Comparisons**

Comparisons and benchmarking are two features of the management system designed to assign relevance to data - a reality check, so to speak. How does an organization know how well it is doing if its only reference point is its own past performance? Comparisons can be made as a means to evaluate where you stand with respect to competitors or organizations performing similar processes. **Benchmarks** are those results of the best performer of a process. **Benchmarking** is a study to learn how those benchmark results were achieved so that they may be adopted as a best practice. Do not expect benchmarking to occur for **lot** of processes. The process candidate list should be very

select. Also, if done improperly, benchmarking can be costly and will not be received well by the benchmarking partner. Therefore, look for an organization to follow **structured model** or procedure for **how** they should benchmark.

### **Competitors**

Let us spend a moment on competitors in DCMC. We should be looking for similar organizations against whom we may compare our performance. This can be done regardless of whether another CAO can be considered a true competitor in the sense that they would be able to steal another CAO's customers away. Buying activities can retain or delegate contract administration, so they may be a source for comparison. This includes agencies outside DoD. Competitors give us the reference points to help us understand our relative performance levels.

One consultant from the private sector once observed that CAOs may be competing for budget dollars. Therefore, the best performers may be influential at the bargaining table with the comptrollers. Do not disallow the word “competitors” as something exclusive to the private sector. It is a very real factor that shapes a CAO’s destiny.

## **2.3 Analyzing and Using Data**

Analysis may or may not be performed by those who collect the data. In other words, the CAO may not have **centralized** analysis. A data report is usually transcribed into actionable information through the use of analytical tools. Managers then turn the results of analysis into an action to improve a process or operation. Regardless of who does what, look for the analysis to be capable of being **actionable** and that actions are, in fact, taking place based on analysis results. These actions should be performed to help remedy quality results, operational results, and customer concerns.

Think of the players involved: the Technical Assessment Group, the Operations teams, the Board of Directors. Who does what at what level? How is information processed? Who receives the information? In what format? You may have to interview several key players in order to construct the entire flow diagram. Just keep in mind that you are tracking the flow of **key** data, not **all** of it.

If the data is truly considered key or essential, managers should be making decisions based on the analysis results.

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### Category 3 Strategic Planning

Is strategic planning an important way of life for this organization? How well do they plan for the future? How far into the future do they project their commitments and predictions? How prepared are they, or will they be, for the future? Given the complexities of the business, do they use a strategic plan to align the entire organization to contribute to a common effort? In the past, we have operated without the emphasis on strategic plans. The problem we face today is that the more complex the business, the more difficult it is to achieve **alignment**. Everyone supporting a single strategic plan helps make sense of the complexities. If there are actions that do not support a part of the plan, either the actions or the plan should be revisited for appropriateness.

#### 3.1 Developing Strategy

This section should describe the process **how the plan is created**. Look for how comprehensive the process is with regard to the different types of data to be used (customer requirements, competitor and supplier data, personnel data). Remember, all team activities should support the strategic goals. It must be convincing to the examiner that the customer requirements gathering process described in Category Item 7.1 are actually used to set goals described in the plan.

The desired accomplishments described in the plan should be accompanied by a means of knowing how well the organization is progressing to achieving the results. Goals should be created to match each commitment. The goals should be measurable and important enough so that, if achieved, would leave the organization in a healthy and competitive status.

Make sure both external (buying activities) and internal (employees and stakeholders) customer needs are addressed. The DCMC Performance Plan contains the broader goals and objectives of the stakeholders. These top level goals cover a wide scope: customer, associates, mission, mission support, and improvement. Each of these should be considered placeholders under which a CAO may supplement with tasks which address their local needs.

#### 3.2 Deploying Strategy

Here is where we look to see how well the key business **drivers** will be satisfied by the commitments in the plan. It must be clearly described what the drivers are. Although the drivers selected need to be those which must be done well for the organization to be successful, we are not evaluating whether the drivers are truly appropriate for that organization but rather that the **goals** are set to satisfy the **drivers**. Goals must be specific and meaningful. The Criteria do not require goals to be measurable. It is advantageous to the organization if they are.

Projections need to be realistic. Information should be offered which substantiate how the projections were derived.

To answer the Criteria as to how “drivers are translated into an action plan” is to connect the **strategic plan** to **team work plans** that describe how teams function. These could be program plans, surveillance plans or other formal functional procedures. Provided the drivers properly represent customer requirements and expectations and the action plans address the drivers of the strategic plan, the **common thread of customer focus** will remain unbroken. The strategic plan can then serve as the “nerve center” of the organization.

## **Category 4 Human Resource Development & Management**

If the actions of an organization's people can affect customer satisfaction, then attention to their needs is an investment in being successful. Managers are the champions of the people to set them up for success as high performance teams and to help remove obstacles.

Plenty of activity to look at here. Do not let all this activity and observation distract you from the very essence of this Category, its contributions to customer focus - creating a work environment that makes success possible. Let us review a couple of key concepts of HR management.

### **4.1 Planning and Evaluation**

We are looking for a connection between what the organization needs (as should be identified in the strategic plan) and human resource plans. It would not be surprising to us that managers do not have a single formal HR plan. But most managers do have a plan in one form or another for training, assignments, awards, etc.

Since we all recognize that the work environment has a cause and effect relationship to employee and team performance, we should look for how data analysis results on performance and the work environment are used in managing human resources.

### **4.2 Work Systems**

By design, storefront and multifunctional team formation contribute to high performance simply by getting different expertise together to collectively work on problems. Along with it came increased spans of control. Measure the effect of these changes and report it in the USA.

Empowerment. Sounds like a noble answer to creating high performance work teams. Its meaning must not be loosely interpreted. There should be boundaries defined. Otherwise, employees will define it as they go. Empowerment does not abrogate the responsibility of management to control processes - another reason to define the boundaries. It should, however, serve to cut out unnecessary red tape in performing a process.

Look at the numbers and types of awards given. Do they have a reinforcing influence on performance? Are there any nonstandard award categories invented by that organization?

### **4.3 Education and Training**

Although activities here are aimed at personal development, how much of that development relates to achieving the goals and objectives of the organization? A high level of training is not, in and of itself, important. Make sure training is important to the

organization, not just the individual. Training should support organizational needs that, hopefully, were described in the strategic plan (Performance Plan supplement).

Does the organization have a way of determining if the effectiveness of training manifests in actual work performance? If they do, give them a double plus. They may be one of the few organizations to do such a thing.

Do not overlook the training needs of mission-support employees.

#### **4.4 Well-Being and Satisfaction**

Does the physical work environment add or detract from an employees ability to perform at a high level?

What special benefits can an employee enjoy as a member of that organization?

Do managers have a formal way of knowing how employees think and feel about the organization? The **results** of this information gathering should be reported in Category 6.



## Category 5 Process Management

There must be a clear distinction between worker and manager in your examination of this Category. Workers may own parts of the process steps and influence the output. They are a part of the equation to how the process is managed. But we must not overlook the manager who has a responsibility for management controls. This is a separation of duties that is required by law and is not mitigated by empowerment, storefront or increased spans of control. To answer a generic question on how processes are managed, expect a variety of answers from the different teams. The examiner must gain a clear understanding of how each team is managed and how the collection as a whole is managed.

### **MIND PROBE**

*For Category Item 5.1, Design and Introduction of Products and Services, give some examples of how you would satisfy this item for One Book processes. Pick processes you feel comfortable speaking to. Can you think of an example for designing a support service (5.3)?*

### **5.1 Design and Introduction of Products and Services**

The greatest connection we wish to make here is whether customer requirements are addressed in producing the products and services that we offer. Further consideration can be given to the organization's efforts to communicate to the customers some of the design features to give them a chance to input. One example involving PROCAS would be the inclusion of the customer in the selection of critical processes, the metric to be used and the definition of the degrees of goodness that a CAO and contractor will use for determining the health of a contractor's process. In this example, you can see that, even if the customer is not a part of the PROCAS teaming agreement, you can still design customer expectations into PROCAS simply by keeping them informed and inviting their input to the decision-making. Look for evidence of customer input to other processes, particularly those which have an output such as a report or document which is delivered to the customer.

### **5.2 Process Management: Product and Service Production and Delivery**

The first understanding we must reach is that we want to set our boundaries around only those mission processes (CAS functions) which are considered by the CAO ~~tdky~~. Managers should have a handle on what the most important processes are that they are responsible to control. They should be able to explain something about those controls and the results.

This may bring up the question on what the boundaries are to empowerment. Even though we should look at how teams and team members manage their own work, we must not overlook how the teams are managed. Typical answers may run a spectrum like this:

- For a smaller team the manager may review work in-process or be the final signatory responsibility for the work product.
- Managers may perform reviews or assessments of sample work products after completion. They may also have these assessments performed by a technical assistance group.
- Managers may use a metrics-based management system to learn how well the team is performing.

These are all legitimate answers. The examiner must compare the answers received from each team chief and group director. All of these answers are the management controls that are the basis for the Annual Statement of Assurance that a commander must submit.

Category 1 addresses how senior leaders track overall performance of the CAO. This may involve rollup information provided by teams. This Category covers the middle management and first line supervisory (team) levels of the management system and the performance tracking that takes place on the team level.

### **5.3 Process Management: Support Services**

This Item is a combination of Category Items 5.1 and 5.2 but for **support services** such as administrative support, budget and ADP support. Personnel services may be received elsewhere from another provider. If so, the servicing office should be considered a supplier and the next Category Item on supplier management may be the best place to address this service.

Similar questions are asked in Category Item 5.3 about incorporating customer requirements into these processes and how the processes are managed. For support services the faces of the customer may change to that of the internal customers.

### **5.4 Management of Supplier Performance**

Make sure there is an understanding of who the key suppliers are. Refer back to the key business factors. If provided, these factors should have included an identification of the key suppliers. The command recognizes **defense contractors** as suppliers of products and services to the government. CAOs have also recognized **DCAA** and **DFAS** as key suppliers. This is a core group of key suppliers. There may be others that the CAO recognizes to be key. If they are in fact, key, then they should be managed. This should include communicating requirements to them, tracking their performance and improvement efforts and providing feedback to them on their performance.

Avoid spending time with the suppliers who are not considered key.

PROCAS is a supplier management tool for contractors. Any evaluation of approach and deployment of PROCAS would fit nicely here. There are some of us who would debate the definition of supplier, but if the contractor is left off the list, then we would have no place in the Self-Assessment to describe the results of contractor quality. Contractor quality is the ultimate fruit of our contract administration services labor. It is how we are judged and a primary reason why we exist.

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## Category 6 Business Results

This is purely ~~a~~**results** reporting Category. All discussions ~~a~~**approach and deployment** should have been done in other Categories (such as key business drivers in Category 3, identification of key processes in Category 5 and the selection, management and analysis of data in Category 2). This Category is a good check on how well thought out the organization is on integrating their management system and that the Categories compliment each other.

Look to see that the results collected are actionable. If they are measuring the wrong things or things that are not key, fault the approach of metrics selection in Category 2. You can score the results of these wrong things, but your score should be limited to the 10 to 30 bandwidth. The scoring guideline states: “Results not reported ~~fo~~**many to most** areas of importance to the applicant’s key business requirements.”

If results are reported that are not used to manage the business, fault Category Item 2.1 for leaving out an important piece.

We should recognize that results may not in all cases be quantified. However, the organization will not score well if this is the case, nor will they have an easy time explaining their health to anyone, including their own leadership.

To what extent does the organization use comparisons and benchmarks as yardsticks of their progress? These yardsticks gauge the relative degree of goodness against which the results should be judged. Using comparative data could mean the difference between an organization seeking small, incremental improvements and breakthrough improvements. The DCMC metrics database extracts and analysis software offer these on-line comparisons.

Results are categorized into three groupings as follows:

### 6.1 Product and Service Quality Results

Quality results describe how well our CAS services and products and our support services satisfied their purpose. In other words, how ~~w~~**effective** they are. Measures include **accuracy**, **timeliness**, **responsiveness** (or adequacy), **reliability**. Even customer complaints or accolades can be used as a “rough” gauge of effectiveness.

### 6.2 Operational Results

These results describe how well an organization is improving over time ~~efficiency~~ measures such as **cycle time**, **cost**, and **productivity** (i.e., cheaper and faster). Look at the Return on Investment data that is being collected and, hopefully, trended.

### **6.3 Human Resource Results**

The list of possible results areas includes:

- Satisfaction
- Awards
- Training (DAWIA, QA and ISO certifications, IDP completions)
- Training Effectiveness
- Safety
- Absenteeism
- Turnover

### **6.4 Supplier Performance Results**

It is here that we see the importance of listing contractors as suppliers. We would be remiss if we did not look at how well the contractor is doing. Even though it is difficult for us to prove cause and effect, we must pay attention to this part of the business in performing an assessment - especially if our external customers will likely judge our effectiveness by these results. Report on cost, schedule, and performance for major programs.

We should make sure results are reported for each key supplier mentioned in the supplier management item in Category 5.

## Category 7 Customer Focus and Satisfaction

This section contains two groupings. The first group includes Category Items that look at the different ways the organization communicates with customers (approach and deployment). The second group deals with Category Items which report results.

### 7.1 Customer and Business Segment Knowledge

In Category Item 7.1 you will be exploring the data collection system (either formal or informal) for gathering customer requirements and expectations. You should expect to identify **several** listening posts for this purpose. It is these listening posts that will serve as the conduit to the strategic plan and team work plans.

Command-wide initiatives may have delivered mixed results. Customer focus surveys may no longer be in place. Postcard trailers may be used for select services. Return rates may be quite low. What remains constant are the numerous interactions taking place between customers and program integrators, ACOs and all other functional associates. How customer information is processed is most important. Follow these information trails from these associates to see how widely the information is shared and how wisely it is used by all who have a need to know (especially the commander).

### 7.2 Customer Relationship Management

This section addresses how well we service the customer. Easy access is important for a customer who sees a diverse CAS organization with so many key players. *Whom do I call?" "How do I find phone numbers?" "How many people am I turned over to before I have the right person to service me?" "How long must I wait?"*

You will be looking at how complaints are processed. Does it appear to be a systematic approach? Can you see where a complaint can slip through the cracks? Do you see that the CAO is aware of and works at the cycle time for processing? Can they demonstrate that they follow-up with the customer to ensure resolution?

### 7.3 Customer Satisfaction Determination

The primary response you will likely hear is the use of postcard trailers. It is also not uncommon for organizations to use the same conduits mentioned in Category Item 7.1 used for gathering requirements to also gather satisfaction levels.

What you will want to study is how sophisticated is their analysis of results. In Category Item 7.1 you determined how the organization segmented their customers. The primary reason to group customers into segments is so that one can break the rollup information down into actionable information. This includes satisfaction results. Satisfaction results

should not be used to display as a banner or trophy. They should be used to uncover clues as to how to improve.

What evidence can you find in this, or any other category, that this organization being examined has committed to **improving** customer satisfaction?

#### **7.4 Customer Satisfaction Results**

This Category Item is straightforward. It is a results reporting area. Similar to the discussion of Category 6, any concerns you may have about whether they are collecting the wrong things may be better addressed in the preceding Category Item on satisfaction determination.

The Criteria asks to see both satisfaction and dissatisfaction results. It is important that the organization show all of the areas that need to be publicized. Even though it may appear to be a good discussion about the benefits of not showing poor results, the objective is to give senior leadership of that organization the necessary information they need to see what adjustments must be made. These are the results that should be tracked and discussed by senior leadership in their board meetings (Category Item 1.2).

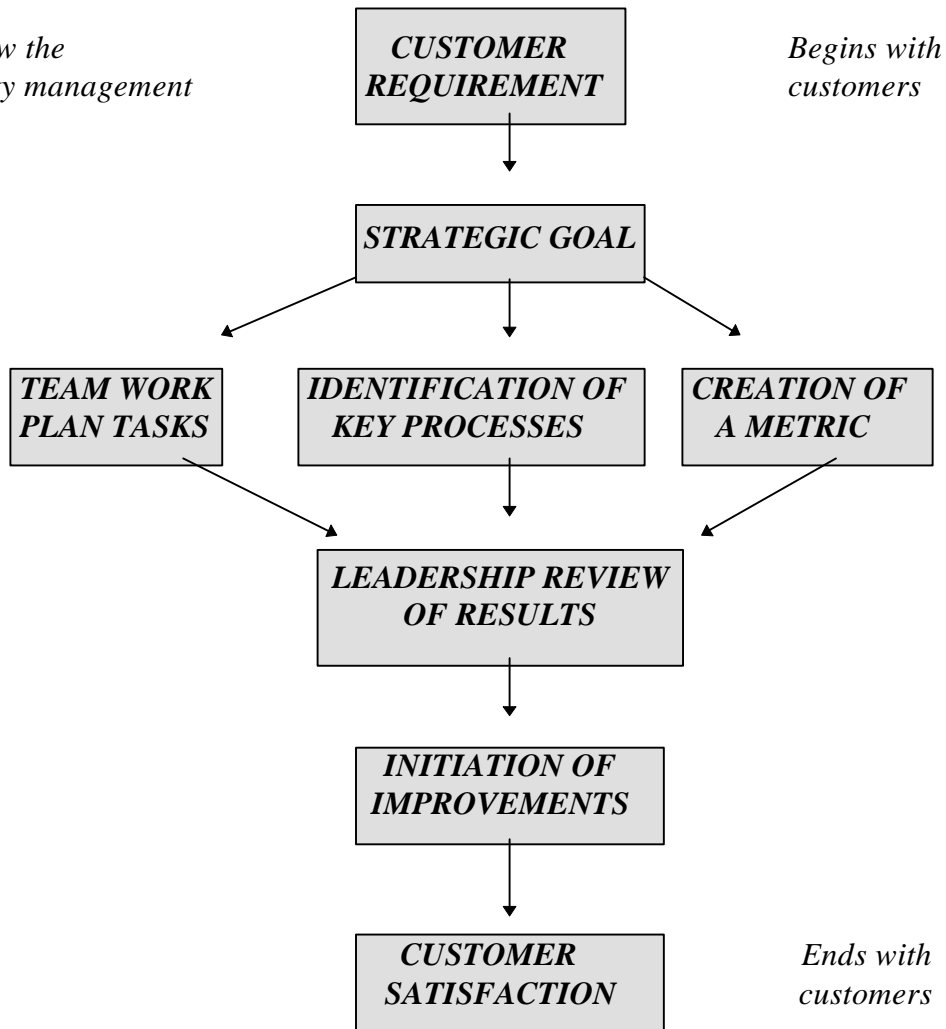
Competitor results should be displayed to answer the “so what” question with regard to performance levels - in other words, comparisons should be included to assign relevance to the organization’s results.

This item is a test of integration of the whole management system. The stage should have been set so the examiner should clearly know what measures and indicators need to be reported on here. Why? Because, by completing the Self-Assessment using the Criteria, the organization was led through a series of steps which defined requirements, defined key business drivers, defined goals and objectives in their strategic plan, assigned metrics to each goal, and set up an analysis system to accommodate the results. See that those results are reported.



## EPILOGUE

*Follow the  
quality management  
trail*



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